

UNITED STATES OF AMERICA  
Before The  
OFFICE OF THRIFT SUPERVISION

In the Matter of

Superior Bank FSB  
Oakbrook Terrace, Illinois  
OTS No.: 8566

Order No. CHI-01-04

Date: May 24, 2001

**STIPULATION AND CONSENT TO PROMPT CORRECTIVE ACTION DIRECTIVE**

WHEREAS, on February 14, 2001, the Office of Thrift Supervision ("OTS") issued a Prompt Corrective Action Directive ("PCA Directive"), OTS Order No. CHI-01-01, to Superior Bank FSB, Oakbrook Terrace, Illinois ("Superior" or "Savings Bank"); and

WHEREAS, on March 14, 2001, OTS received a Capital Restoration Plan from Superior that was subsequently amended on April 30, 2001, May 15, 2001, and May 18, 2001 including revisions received by OTS on May 19, 2001 and May 21, 2001 ("Capital Plan"); and

WHEREAS, on May 24, 2001, OTS informed Superior that it had conditionally approved the revised Capital Plan;

NOW, THEREFORE, in the interest of cooperating with the OTS, and to avoid the time and expense of administrative proceedings for the issuance of a revised PCA Directive, and without admitting or denying any wrongdoing, Superior stipulates and consents to the terms set forth herein ("Stipulation"). Superior does this having been informed by the OTS that grounds exist to issue a revised PCA Directive pursuant to Section 38 of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1831o, and Section 565.7 of the OTS's regulations, 12 C.F.R. § 565.7, based upon information reported to the OTS.

1. The Savings Bank stipulates that it is subject to the OTS's authority to issue a directive to take prompt corrective action pursuant to the provisions of 12 U.S.C. § 1831o and 12 C.F.R. § 565.7. This is in view of, *inter alia*, the fact that the Savings Bank is a federal savings association subject to the supervision and regulation of the OTS, thereby making it (i) a "savings association" as that term is used in the Home Owners' Loan Act ("HOLA") and in the FDIA, and (ii) an "insured depository institution" for purposes of the FDIA. See 12 U.S.C. §§ 1462, 1813(b), and 1813(c)(2).

2. The Savings Bank consents to the issuance by the OTS of the accompanying PCA Directive. The Savings Bank further agrees to comply with the terms of the PCA Directive.

3. The Savings Bank agrees to implement and comply with the terms of the Capital Plan, as conditionally approved by the OTS on May 24, 2001. The Savings Bank agrees that failure to implement and comply with the terms of the conditionally approved Capital Plan shall subject the Savings Bank to appropriate enforcement action by the OTS, including any enforcement actions and remedies authorized by 12 U.S.C. §§ 1818 and 1831o.

4. The PCA Directive is effective upon issuance. The Savings Bank acknowledges that the PCA Directive is enforceable by the OTS pursuant to the provisions of 12 U.S.C. §§ 1464(d) and 1818.

5. The Savings Bank hereby waives the following: (i) its rights to notice of intent to issue a PCA Directive and to pursue the OTS's administrative process for issuance of the accompanying PCA Directive pursuant to 12 C.F.R. §565.7; (ii) any and all rights it might otherwise have pursuant to federal law or regulations (including, but not limited to, 12 U.S.C. § 1831o and 12 C.F.R. § 565.7) in connection with issuance of the PCA Directive; (iii) its right to seek judicial review of the PCA Directive, including, but not limited to, any such right provided by 12 U.S.C. §1818(h); and (iv) its right to challenge or contest in any manner the basis, issuance, validity, or enforceability of the PCA Directive or any provision thereof.

6. The Board of Directors of the Savings Bank duly adopted a resolution authorizing the Savings Bank to consent to the issuance of the PCA Directive and further authorizing and directing Stephen Mann, the Savings Bank's Chairman of the Board, to execute this Stipulation on behalf of the Savings Bank. The directors of the Savings Bank who have set their signatures at Appendix A (attached hereto) represent that they voted in favor of the above-mentioned board resolution.

7. (a) The construction and validity of this Stipulation and the PCA Directive shall be governed by the laws of the United States of America;

(b) All references to the OTS in this Stipulation and the PCA Directive also shall mean any of the OTS's predecessors, successors, and assigns; and

(c) To the extent this Stipulation and the PCA Directive may be deemed an agreement, the written terms herein and in the accompanying PCA Directive represent the final and sole binding written terms of such agreement with respect to the subject matters addressed therein.

WHEREFORE, the Savings Bank, by and through its duly authorized representative, hereby executes this Stipulation, intending to be legally bound hereby.

SUPERIOR BANK FSB

Accepted by:

OFFICE OF THRIFT SUPERVISION

By: \_\_\_\_\_  
Stephen Mann  
Chairman of the Board

By: Philip A. Gerbick  
Philip A. Gerbick  
Regional Deputy Director  
(pursuant to delegated authority)

WHEREFORE, the Savings Bank, by and through its duly authorized representative, hereby executes this Stipulation, intending to be legally bound hereby.

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**SUPERIOR BANK FSB**  
**Oakbrook Terrace, Illinois**  
**OTS No.: 8566**

**Order No. CHI-01-04**

**Date: May 24, 2001**

**PROMPT CORRECTIVE ACTION DIRECTIVE**

WHEREAS, Superior Bank FSB, Oakbrook Terrace, Illinois ("Savings Bank"), is a federally chartered savings association that is regulated by the Office of Thrift Supervision ("OTS"); and

WHEREAS, Section 38 of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. §1831o, and Part 565 of the OTS Regulations thereunder, 12 C.F.R. Part 565, require institutions that are undercapitalized to file a capital restoration plan specifying the steps the institution will take to become at least adequately capitalized; and

WHEREAS, Section 38 of the FDIA, 12 U.S.C. § 1831o, requires the OTS to take prompt corrective action to resolve the problems of insured savings associations at the least possible long-term loss to the deposit insurance fund; and

WHEREAS, Section 565.7 of the OTS regulations, 12 C.F.R. § 565.7, provides for the issuance by the OTS of directives to take prompt corrective action to resolve the problems of insured depository institutions and to restore their capital; and

WHEREAS, the OTS, on February 12, 2001, notified the Savings Bank that it was significantly undercapitalized for purposes of the prompt corrective action ("PCA") provisions of Section 38 of the FDIA, 12 U.S.C. § 1831o; and

WHEREAS, on March 14, 2001, the Savings Bank submitted to the OTS a capital restoration plan, that was subsequently amended on April 30, 2001, May 15, 2001, and May 18, 2001 including revisions received by OTS on May 19, 2001 and May 21, 2001 ("Capital Plan"); and

WHEREAS, the OTS has considered the Savings Bank's capital deficiency and the Capital Plan in accordance with Section 38(e)(2) of the FDIA, 12 U.S.C. §1831o(e)(2) and conditionally approves the Capital Plan as set forth in a letter to the Savings Bank dated May 24, 2001; and

WHEREAS, this Prompt Corrective Action Directive ("Directive") requires the Savings Bank to increase its capital and is a condition imposed in writing in connection with the approval of the Savings Bank's Capital Plan; and

WHEREAS, the Savings Bank and its Board of Directors, by execution of the accompanying Stipulation and Consent to Prompt Corrective Action Directive ("Stipulation"), the terms of which are incorporated herein by this reference, have stipulated and consented to the issuance of the Directive; and

WHEREAS, the OTS has determined to issue this Directive in order to carry out the purposes of Section 38 of the FDIA to resolve the Savings Bank's problems at the least long-term cost to the deposit insurance fund;

NOW THEREFORE, pursuant to 12 U.S.C. § 1831o (including but not limited to subsection (f) thereof) and 12 C.F.R. § 565.7, the OTS directs the Savings Bank and its Board of Directors to do the following:

## **PART I – IMPROVING CAPITAL**

### **Section 1.1. Capital Plan**

The Savings Bank shall comply with the terms of its Capital Plan as conditionally approved by the OTS in its letter to the Savings Bank dated May 24, 2001.

### **Section 1.2. Adequate Progress**

If the OTS, in its sole discretion, determines that the Savings Bank is failing to make adequate progress towards achieving the requirements set forth in Section 1.1., the OTS may take such further supervisory, enforcement, or resolution action as it deems appropriate.

## **PART II – OPERATING RESTRICTIONS**

### **Section 2.1. Compliance with the Previous PCA Directive**

The Savings Bank shall continue to comply with all the provisions of the PCA Directive issued against the Savings Bank on February 14, 2001, OTS Order No. CHI-01-01, until such time as the OTS confirms that the Savings Bank is "adequately capitalized" as defined at 12 C.F.R. § 565.4(b)(2) and the Savings Bank has senior executive officers and a Board of Directors approved by the OTS.

### **Section 2.2. Termination of the Previous PCA Directive**

When the Savings Bank is "adequately capitalized" as defined at 12 C.F.R. § 565.4(b)(2) and the Savings Bank has senior executive officers and a Board of Directors approved by the OTS, the OTS shall terminate the PCA Directive issued against the Savings Bank on February 14, 2001, OTS Order No. CHI-01-01.

### Section 2.3. Capital Distributions

The Savings Bank shall not make any capital distributions as defined in 12 C.F.R. § 563.141 without prior OTS approval.

## PART III - REPORTING

### Section 3.1. Reports of Compliance

(a) No later than thirty days following the end of each calendar month beginning June 2001, management of the Savings Bank shall prepare, and the Board of Directors of the Savings Bank shall review, a written report concerning the Savings Bank's compliance with its Capital Plan and other requirements of this Directive during the preceding month. This review shall be documented in the minutes of the meeting of the Board of Directors. All documentation considered by the Board in performing its review shall be explicitly referenced in the minutes of the meeting at which the review was undertaken.

(b) The Savings Bank shall, no later than thirty days following the end of each calendar month beginning June 2001, submit the following documents to the OTS in a format acceptable to the OTS:

(i) variance reports for activities, capital targets, and asset growth that compare actual types and levels of activities, actual progress toward meeting capital requirements and actual asset growth to the projections established in the Capital Plan;

(ii) confirmation of the Savings Bank's compliance with this Directive and the Savings Bank's Capital Plan, or a description of any instance of noncompliance with any of the Savings Bank's obligations under this Directive or the Capital Plan, and the specific measures undertaken to cure such noncompliance; and

(iii) if requested, copies of the minutes of the Savings Bank's Board of Directors supporting actions taken to comply with Section 3.1. of this Directive.

## PART IV - GENERAL PROVISIONS

### Section 4.1. Jurisdiction.

This Directive constitutes a final order under 12 U.S.C. § 1831o and is enforceable under 12 U.S.C. § 1818(i).

### Section 4.2. Definitions.

All technical words or terms used in this Directive, for which meanings are not specified or otherwise provided by the provisions of this Directive, shall, insofar as applicable, have meanings as defined in Chapter V of Title 12 of the Code of Federal Regulations, the Home

Owners' Loan Act ("HOLA"), FDIA or OTS Publications. Any such technical words or terms used in this Directive and undefined in said Code of Federal Regulations, HOLA, FDIA, or OTS Memoranda shall have meanings that are in accordance with the best custom and usage in the savings and loan industry.

**Section 4.3. Successor Statutes, Regulations, Guidance Amendments.**

Reference in this Directive to provisions of statutes and regulations shall be deemed to include references to all amendments to such provisions as have been made as of the Effective Date hereof, and references to successor provisions as they become applicable.

**Section 4.4. Notices.**

Except as otherwise provided herein, any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted by the Directive to be made upon, given or furnished to, delivered to, or filed with the OTS or the Savings Bank shall be in writing and sent by first class U.S. mail (or by reputable overnight courier, electronic facsimile transmission, or hand delivery via messenger) addressed as follows:

Office of Thrift Supervision Regional Director - Central Region 1 South Wacker Drive, Suite 2000 Chicago, IL 60606	Superior Bank FSB Attention: Board of Directors 1 Lincoln Centre, Suite 600 Oakbrook Terrace, IL 60181
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**Section 4.5. Duration, Termination or Suspension of the Directive.**

(a) The terms and provisions of this Directive shall be binding upon the Savings Bank and its successors in interest.

(b) The Directive shall remain in effect until terminated, modified or suspended in writing by the OTS.

(c) The OTS, in its discretion, may by written notice suspend any or all provisions of the Directive.

**Section 4.6. Effect of Headings.**

The Part and Section headings herein are for convenience only and shall not affect the construction hereof.

**Section 4.7. Separability Clause.**

In case any provision in this Directive is ruled to be invalid, illegal or unenforceable by the decision of any Court of competent jurisdiction, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby unless the OTS, in its sole discretion, determines otherwise.



Section 4.8. No Violations Authorized; Consequences of Directive.

(a) Nothing in this Directive, including, without limitation, any of the time-frames for actions set forth in Part I, shall be construed as: (i) allowing the Savings Bank to violate any law, rule, or regulation to which it is subject, or (ii) restricting the OTS from taking such actions as are appropriate in fulfilling the responsibilities placed upon it by law, including, without limitation, actions pursuant to Section 38 of the FDIA, or taking any other type of supervisory, enforcement, or resolution action that the OTS determines to be appropriate.

(b) The conditional approval of the Capital Plan by OTS does not (i) constitute approval of contemplated actions or transactions for which a separate application, filing, or notification is required prior to engaging in an activity contemplated by the Capital Plan; (ii) prevent the revocation of conditional approval of the Capital Plan upon discovery of other or additional facts that the OTS determines warrants such action, including, but not limited to, any material adverse findings disclosed in any examination of the Savings Bank or any material changes in the assumptions underlying the Capital Plan; (iii) indicate that OTS has taken any position with respect to the Savings Bank's assumptions or predictions underlying or set forth in the Capital Plan, nor do such assumptions or predictions bind the OTS; or (iv) prohibit the OTS from requiring the Savings Bank to submit a revised Capital Plan as the OTS determines necessary.

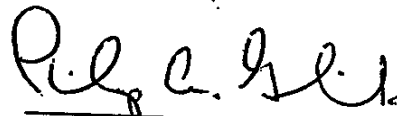
Section 4.9. Effective Date of this Directive.

This Directive (including all the requirements and limitations herein) is effective immediately on the date of issuance of the Directive (the "Effective Date"), which date is indicated below.

IT IS SO ORDERED.

Dated: May 24, 2001

OFFICE OF THRIFT SUPERVISION  
By:



Philip A. Gerbick  
Regional Deputy Director  
(pursuant to delegated authority)